

Message Text

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ORIGIN EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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DRAFTED BY EA/J:E M FEATHERSTONE:EH
APPROVED BY EA:R HOLBROOKE
EA/J:N PLATT

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C O N F I D E N T I A L STATE 050931

E.O. 11652: GDS

TAGS: ETRD, EGEN, JA, US

SUBJECT: HOLBROOKE-KOSAKA MEETING

1. SUMMARY. ASSISTANT SECRETARY BRIEFED KOSAKA ON CURRENT STATUS OF KOREA SCANDAL AND US POLICIES TOWARDS ROK. ALSO EMPHASIZED NEED FOR MEASURABLE PROGRESS ON IMPLEMENTATION OF STRAUSS-USHIBA STATEMENT THIS YEAR. KOSAKA WAS CONVINCED THAT US-JAPAN ECONOMIC CONSULTATIONS INVOLVED CONFIDENTIAL BILATERAL AGREEMENTS ON GROWTH AND BALANCE OF PAYMENTS BEYOND THESE SET FORTH IN STATEMENT. COUNTRY DIRECTOR PLATT FIRMLY DENIED THIS, BUT KOSAKA REMAINED SKEPTICAL. END SUMMARY.

2. KOSAKA BEGAN MEETING FEB 22 BY STRESSING IMPORTANCE TO JAPAN OF ROK SECURITY AND ASKED ABOUT EFFECT OF CONGRESSIONAL SCANDAL INVESTIGATIONS. HOLBROOKE EXPLAINED
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THAT THE ADMINISTRATION KEPT SEPARATE THE SCANDAL ISSUE FROM THE MATTER OF KOREAN SECURITY. US WANTED STRONG ROK AND WOULD MAINTAIN SECURITY TREATY. HE NOTED PORTIONS OF SECDEF'S SPEECH ANNOUNCING PLANS TO INCREASE US AIRPOWER IN ROK BY 20 PERCENT. TROOP WITHDRAWALS WOULD BE GRADUAL -- SOME 20,000 MEN OVER NEXT FIVE YEARS -- LESS THAN 5 PERCENT OF TOTAL TROOP STRENGTH IN THE ROK. PRINCIPAL

PROBLEM WAS THAT CONGRESS SO DETERMINED TO PURSUE SCANDALS THAT IT MIGHT NOT APPROVE TRANSFER OF \$800 MILLION IN

MILITARY EQUIPMENT TO ROK WHILE THE INVESTIGATION UNDERWAY. HOLBROOKE TOLD KOSAKA THAT HIGHEST LEVELS OF US GOVERNMENT DEALING WITH PROBLEM AND THAT GOJ HAD REPEATEDLY MADE KNOWN ITS INTEREST IN SATISFACTORY RESOLUTION. KOSAKA ASKED HOW LONG CONGRESSIONAL INVESTIGATION WOULD TAKE. HOLBROOKE RESPONDED THAT WE HAD EXPECTED IT TO BE OVER BY NOW BUT IT WAS STILL IN FULL SWING. KOSAKA REMARKED THAT DEFENSE OF ROK WAS EXTREMELY IMPORTANT TO JAPAN AND EXPRESSED VIEW THAT SCANDAL WAS MOST DISTURBING FACTOR.

4. RE ECONOMIC/TRADE ISSUE, HOLBROOKE EXPRESSED PLEASURE WITH RESULT OF STRAUSS-USHIBA ROUND WHICH HAD GREATLY IMPROVED SITUATION IN US. HOWEVER, HE ADDED, IMPROVEMENT COULD NOT BE SUSTAINED WITHOUT EVIDENCE OF PROGRESS BY END OF YEAR.

5. (ASST SECY HOLBROOKE HOLBROOKE LEFT AT THIS POINT FOR URGENT MEETING WITH SECRETARY VANCE; COUNTRY DIRECTOR PLATT REMAINED TO CONTINUE DISCUSSION). IN RESPONSE TO QUERY AS TO WHAT USG WOULD DO IF NO CONCRETE STRAUSS-USHIBA RESULTS WERE FORTHCOMING SOON, PLATT SAID THAT MACROECONOMIC GOALS SET FORTH IN AGREEMENT COULD NOT BE REACHED QUICKLY. MARKED STATISTICAL PROGRESS UNLIKELY UNTIL END OF CALENDAR

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YEAR AT EARLIEST. THERE WERE, HOWEVER, OTHER WAYS TO DEMONSTRATE THAT THE AGREEMENT WAS WORKING, INCLUDING

(A) VIGOROUS GOVERNMENT POLICY ACTION TO IMPLEMENT THE LONGER TERM MEASURES;

(B) A LEADING JAPANESE ROLE IN SUPPORT OF A FAVORABLE OUTCOME AT THE MTN;

(C) ILLUSTRATIONS OF SUCCESSFUL US-JAPAN COOPERATION IN FACILITATING ACCESS TO THE JAPANESE MARKET. "SUCCESS STORIES" COULD SUBSTITUTE FOR STATISTICS FOR A WHILE.

6. KOSAKA EXPRESSED SKEPTISM THAT ANY STATISTICAL RESULTS WOULD APPEAR THIS YEAR. HE SAID THAT BASIC TRADE PROBLEM WAS A BILATERAL ONE -- TO REDRESS LOPSIDED TRADE IMBALANCE. THIS BEING CASE, HE CONTINUED, ANY SOLUTION ACCEPTABLE TO US CONGRESS MUST BE ORIENTED TO THIS BILATERAL ASPECT OF THE PROBLEM. HE SAID HE WAS THEREFORE UNABLE TO FATHOM WHY STRAUSS-USHIBA STATEMENT ONLY ADDRESSED IN GLOBAL CONTEXT ISSUE OF CORRECTING JAPAN'S CURRENT ACCOUNT SURPLUS, RATHER THAN FOCUSING ON BILATERAL IMBALANCE. US-JAPAN NEGOTIATORS

MUST HAVE COME TO SOME SORT OF CONFIDENTIAL AGREEMENT ON
STATISTICAL GOALS FOR BILATERAL BALANCE TO BE ACHIEVED. HE
WOULD TRY TO OBTAIN DETAILS FROM PRIME MINISTER AND OTHERS,
BUT WOULD APPRECIATE ANY OTHER ENLIGHTENMENT. PLATT DENIED
ANY SPECIAL BILATERAL BALANCE OF PAYMENT FIGURES DISCUSSED.
STRAUSS-USHIBA STATEMENT ACCURATE REFLECTION OF NEGOTIATIONS.
JAPANESE CURRENT ACCOUNT SURPLUS WAS GLOBAL PROBLEM TO
BEGIN WITH, AND U.S. PREFERRED TO DISCUSS IT IN THIS CON-
TEXT. KOSAKA FOUND IT HARD TO BELIEVE THAT NEGOTIATOR WITH
STRAUSS' POLITICAL AND CONGRESSIONAL CONNECTIONS WOULD NOT
ADDRESS OUR BILATERAL PROBLEMS IN MORE DETAIL THAN APPEARED
IN STATEMENT. HE NEEDED TO KNOW FACTS AND INTENDED TO FIND
OUT. PLATT REPLIED THAT STRAUSS-USHIBA STATEMENT SPOKE
FOR ITSELF. KOSAKA LAUGHED AND SAID HE WAS NOT CONVINCED.
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